

State of Alaska
FY2004 Governor's Operating Budget

Department of Transportation/Public Facilities
State Equipment Fleet Administration
Component Budget Summary

Component: State Equipment Fleet Administration

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Component Mission

The mission of the Statewide State Equipment Fleet (SEF) is to replace, maintain, and manage state-owned vehicles, equipment, and attachments for safe and appropriate use.

Component Services Provided

- The State Equipment Fleet (SEF) is responsible for the management, maintenance, and inventory of all state vehicles, equipment, and attachments assigned to state executive branch agencies. Vehicles licensing and titling services are provided to the Legislature, Alaska Court System, University of Alaska, and Alaska Housing Finance Corporation.
- The regional SEF components provide maintenance, repair and servicing of state equipment at maintenance and operations shops, remote rural airport stations, and roadside locations throughout Alaska. Preventative maintenance, safety and vehicle emission inspections, parts procurement, and inventory control are provided. Equipment condition is evaluated for the replacement program. New vehicles, equipment, and attachments are received, checked in, made ready for service, and issued to using agencies.
- SEF contracts for vehicle fuel credit card systems for use by state agencies.
- SEF manages the Highway Equipment Working Capital Fund (HEWCF), develops the specifications for and purchases new equipment and vehicles for all executive branch agencies, and provides administrative support including, but not limited to: policies and procedures, financial reporting, rate setting, computer systems, training, billing of HEWCF charges, and coordination between regional SEF components.
- State Equipment Fleet evaluates excess equipment and sells them at auction, negotiates their sale to cities and boroughs, or assigns them to an appropriate alternative use.

Component Goals and Strategies

Effectively manage the Highway Equipment Working Capital Fund to ensure sufficient revenues for purchasing and maintenance of equipment and vehicle needs in future fiscal years.

- Maintain sufficient cash flow in the Highway Equipment Working Capital Fund, following Generally Accepted Accounting Principles, for equipment maintenance and replacement.
- Prepare a rate structure that allocates costs fairly, that adjusts for prior year gains or losses on operating activities, and that produces sufficient revenue to cover the operating costs of the replacement, maintenance, fuel credit card, and daily pool rental programs

Provide a well-equipped, cost-effective fleet for all state agencies.

- Coordinate equipment maintenance activity statewide for all SEF personnel, improve preventative maintenance service, and reduce costs for state owned assets.
- Measure the effectiveness of equipment replacement program by reducing the percentage of "Z" status equipment (those eligible for replacement) to no more than 10 percent of the original cost of the fleet for both the light-duty vehicles and heavy-duty equipment.
- Maintain good vendor relations as measured by the number of protests. The goal is to not exceed one bid protest annually.
- Develop and monitor policies and procedures that guide the maintenance of equipment, purchase of equipment and commodities, and financial responsibilities of the regional SEF offices.

Key Component Issues for FY2003 – 2004

The State Equipment Fleet (SEF) operates 51 shops and has more than 165 employees that provide general and preventative maintenance and all parts supplies. There are approximately 7,800 vehicles accounted for in the fleet information system, with 5,200 vehicles comprised of light-duty, heavy-duty and attachments under SEF management. The Department contracted with a private fleet management-consulting firm to do a broad review and a detailed

performance and productivity evaluation of the delivery of fleet services. The consulting report was issued in December 2000. Almost all recommendations were implemented starting in FY2002.

Four major changes that were specifically recommended in the consulting report are being made in FY2003:

- Converting 650 DOT&PF vehicles and five Maintenance and Operations' mechanics from Maintenance and Operations' to SEF maintenance and supervision. This will result in a more comprehensive tracking of total SEF costs and assure that consistent and authorized maintenance is being provided by SEF trained and guided staff.
- Revising the billing of asset management and replacement/disposal costs so that the 30 percent of the fleet that is non-Highway Equipment Working Capital Fund vehicles mostly in the area of the International Airports and the University of Alaska. It is appropriate for these entities to begin to pay their share rather distributing their costs within overhead to the remaining agencies.
- Removing extended service assets, also known as "X" status vehicles, from the Highway Equipment Working Capital Fund operating rate bases and direct billing their maintenance services. This will result in a better tracking by user agencies of the maintenance costs that will allow them to decide whether it is appropriate to retain that asset or replace it.
- Annually inspecting Highway Equipment Working Capital Fund assets that are based at locations that do not have a SEF shop for adequacy of maintenance and record keeping. This will provide assurance that these vehicles are being maintained in a safe manner by qualified mechanics and those expenses are being included in total fleet costs.

Increasing costs (3.5% over FY2001) in the areas of personnel and parts coupled with reduced or stagnant operating budgets has required more aggressive cost containment. This has resulted in reducing the number of SEF staff by 10 positions (eight mechanics and two administrative) to cut costs.

Major Component Accomplishments in 2002

- SEF performed all required services during FY2002. Expenses increased 3.5 percent over FY2001 primarily due to increased parts expenditures for the program.
- Provided monthly financial reports. Completed annual financial statement.
- All policy and procedures are now online for easier user access. Updated policies and procedures and placed on the web for easier user access.
- Awarded 47 bids, received 654 new vehicles.
- The percentage of asset value in "Z" status, i.e., eligible for replacement, is 8.6%. The goal is 10% or less.
- Disposed of 500 surplus vehicles.
- Received 3 bid protests, all of which were resolved at the SEF level.
- Conducted 3 training sessions for approximately 150 SEF and M&O managers regarding preventive maintenance compliance and operating and replacement rate methodologies.
- Trained 20 state employees in the use of the Equipment Management System.
- Distributed monthly status reports on preventive maintenance compliance and light-duty vehicle downtime.
- Computed replacement, operating, and asset management rates for more than 7,500 state vehicles.

Statutory and Regulatory Authority

- AS 44.68.210-290
- AS 44.42.020(11)

State Equipment Fleet Administration
Component Financial Summary

All dollars in thousands

	FY2002 Actuals	FY2003 Authorized	FY2004 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	773.2	867.7	931.0
72000 Travel	12.2	14.7	14.7
73000 Contractual	79.4	139.0	139.0
74000 Supplies	1,617.8	1,606.7	1,591.7
75000 Equipment	21.6	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	2,504.2	2,628.1	2,676.4
Funding Sources:			
1007 Inter-Agency Receipts	43.0	11.8	51.8
1026 Highway Working Capital Fund	2,461.2	2,616.3	2,624.6
Funding Totals	2,504.2	2,628.1	2,676.4

State Equipment Fleet Administration

Proposed Changes in Levels of Service for FY2004

SEF is implementing the approved recommendations included in the independent fleet review report of 12/2000. Changes include transferring several M&O general fund mechanic positions to SEF and providing SEF services to all departments at the locations where the former M&O mechanics were based. All DOT&PF vehicles that did not receive SEF preventive maintenance and repair will receive those services in FY2003.

As recommended by the consulting review, SEF is in process of issuing a RFP to upgrade or replace its existing equipment management system.

Increases in fuel prices and the usage of fuel credit cards require increased funding in this component to be able to provide payment to vendors.

Summary of Component Budget Changes

From FY2003 Authorized to FY2004 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2003 Authorized	0.0	0.0	2,628.1	2,628.1
Adjustments which will continue current level of service:				
-Annualize FY2003 COLA increase for General Government and Supervisory Bargaining Units	0.0	0.0	7.4	7.4
-\$75 per Month Health Insurance Increase for Non-covered Staff	0.0	0.0	0.9	0.9
Proposed budget increases:				
-Add \$40.0 in Interagency Receipts to support services performed for other agencies	0.0	0.0	40.0	40.0
FY2004 Governor	0.0	0.0	2,676.4	2,676.4

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Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2003</u> <u>Authorized</u>	<u>FY2004</u> <u>Governor</u>		
Full-time	13	13	Annual Salaries	692,895
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	252,289
			<i>Less 1.50% Vacancy Factor</i>	(14,184)
			Lump Sum Premium Pay	0
Totals	13	13	Total Personal Services	931,000

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant IV	1	0	0	0	1
Accounting Tech II	1	0	0	0	1
Administrative Clerk I	1	0	0	0	1
Administrative Manager IV	1	0	0	0	1
Analyst/Programmer V	1	0	0	0	1
Equip Operations Analyst	3	0	0	0	3
Operations Res Anl I	1	0	0	0	1
Procurement Spec I	2	0	0	0	2
Statewide Equipment Mgr	1	0	0	0	1
Supply Technician II	1	0	0	0	1
Totals	13	0	0	0	13